

Introduced by Senator KehoeFebruary 21, 2007

An act to add Section 576 to the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 451, as introduced, Kehoe. Energy: conservation.

Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations and gas corporations. Existing law authorizes the PUC to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. The existing Public Utilities Act requires the PUC to review and adopt a procurement plan for each electrical corporation in accordance with specified elements, incentive mechanisms, and objectives. Existing law requires that the costs of certain contracts entered into pursuant to a procurement plan by an electrical corporation for electricity be recoverable in rates, in a manner determined by the PUC to provide the best value to ratepayers. Existing law requires the PUC, in consultation with the State Energy Resources Conservation and Development Commission (Energy Commission), to identify all potentially achievable cost-effective electricity efficiency savings and to establish efficiency targets for an electrical corporation to achieve pursuant to its procurement plan. Existing law requires the PUC, in consultation with the Energy Commission, to identify all potentially achievable cost-effective natural gas efficiency savings and to establish efficiency targets for the gas corporation to achieve these targets and to require that a gas corporation first meet its unmet gas resource needs through all available natural gas efficiency and demand reduction resources that are cost-effective, reliable, and feasible.

This bill would require the commission to require each electrical corporation and gas corporation to develop and implement an energy conservation investment initiative that consists of all cost-effective, reliable, and feasible direct investments in equipment and practices that reduce the use of energy. The bill would provide that the investment made by an electrical corporation or gas corporation pursuant to an approved initiative is recoverable in rates, including a reasonable return on invested capital, as determined by the commission.

Under existing law, a violation of the Public Utilities Act or an order or direction of the commission is a crime. Because the provisions of this bill are within the act and require action by the commission to implement its requirements, a violation of these provisions would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 576 is added to the Public Utilities Code,
- 2 to read:
- 3 576. The commission shall require each electrical corporation
- 4 and gas corporation to develop and implement an energy
- 5 conservation investment initiative. For each electrical corporation
- 6 and each gas corporation, the initiative shall consist of all
- 7 cost-effective, reliable, and feasible direct investments in
- 8 equipment and practices that reduce the use of energy. The
- 9 investment made by an electrical corporation or gas corporation
- 10 pursuant to an approved initiative shall be recoverable in rates,
- 11 including a reasonable return on invested capital, as determined
- 12 by the commission.
- 13 SEC. 2. No reimbursement is required by this act pursuant to
- 14 Section 6 of Article XIII B of the California Constitution because
- 15 the only costs that may be incurred by a local agency or school
- 16 district will be incurred because this act creates a new crime or
- 17 infraction, eliminates a crime or infraction, or changes the penalty

1 for a crime or infraction, within the meaning of Section 17556 of
2 the Government Code, or changes the definition of a crime within
3 the meaning of Section 6 of Article XIII B of the California
4 Constitution.

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